

REGULATORY ALERT

ALABAMA CREDIT UNION ADMINISTRATION
1789 Cong. W. L. DICKINSON DRIVE, MONTGOMERY, AL 36109

DATE:	February 21, 2006
TO:	State Chartered Credit Union CEO's, Presidents & Managers
SUBJECT:	Regulation C (Home Mortgage Disclosure Act)

Dear CEO's, Presidents & Managers:

Credit unions that engage in residential mortgage lending must comply with Regulation C, the Home Mortgage Disclosure Act (HMDA).

The purpose of this regulatory alert is to inform you of:

- the 2006 reporting threshold for HMDA;
- reference material, such as the HMDA Guide to Getting it Right;
- the availability of reporting software for 2005 calendar year data;
- filing deadline for 2005 HMDA data;
- NCUA's policy concerning the late submission of required HMDA data;

Reporting Threshold: Which credit unions are required to file for 2006?

The Board of Governors of the Federal Reserve System (FRB) announced the exemption threshold for depository institutions required to report data under HMDA will increase to \$35 million in assets effective January 1, 2006.

The FRB annually adjusts the asset-size exemption threshold for depository institutions based on annual percentage changes in the consumer price index. A copy of the information is available on the FRB website at:

<http://www.federalreserve.gov/boarddocs/press/bcreg/2005/20051216/default.htm>.

The following questions should be answered to determine if your credit union is required to collect HMDA data for the 2006 calendar year:

1. Did total assets exceed \$35 million as of December 31, 2005?
2. Did the credit union have a home or branch office in a metropolitan statistical area (MSA) on December 31, 2005?
3. During 2005, did the credit union originate at least one home purchase loan or refinancing of a home purchase loan secured by a first lien on a one-to-four-family dwelling?

If the answer to all three questions is 'YES,' then HMDA data collection and reporting requirements apply. If the answer to any one of the questions is 'NO,' then the credit union is exempt from filing HMDA data for 2006.

An exemption from filing HMDA data for the 2006 calendar year does not affect the requirement to collect and file 2005 data. Credit unions, which are required to report 2005 calendar year data, must meet the March 1, 2006 filing deadline, even if the credit union will not be required to collect and file HMDA data for the 2006 calendar year.

References: Is there a new version of the Guide to HMDA Reporting, Getting It Right!?

The most recent version of the Guide to HMDA Reporting, Getting It Right! (Guide) was published in 2004. The Guide summarizes management's responsibilities for the collection and report of HMDA information. Since the Guide's publication in 2004, a few metropolitan statistical codes have been updated. A list of these changes is posted at: <http://www.ffiec.gov/hmda/guide.htm>

Software: Is the data entry software available for calendar year 2006?

For those credit unions required to collect HMDA data during the 2006 calendar year, the FFIEC HMDA Data Entry Software, version 3.20, may be downloaded and is available on the FFIEC web site at:

<http://www.ffiec.gov/software/default.aspx>

Filing Deadlines: When must HMDA data be reported?

HMDA requires quarterly updates of the loan application register (LAR). Once final action is taken on a transaction, it must be appropriately recorded on a LAR within 30 days after the end of a calendar quarter. Credit unions should be able to produce a current LAR at the request of federal or state examiners. Following the end of a calendar year, a credit union must submit its LAR to the Federal Reserve Board processing center no later than March 1st using the following email address:

<mailto:hmdasub@frb.gov>. Internet e-mail is the preferred method for transmitting LAR information. Non-email transmissions may be delayed due to FRB security protocols. Acceptable transmission methods are listed at:

<http://www.ffiec.gov/hmda/contactNCUA.htm>

For 2005 HMDA data, all LARs must be submitted and received by the FRB no later than March 1, 2006. To ensure data can be successfully read by the FRB, a credit union should use the edit check feature contained in the HMDA data entry software prior to submitting transmission data.

Data is considered to be successfully received by the FRB once the file has been opened and loaded onto the FRB mainframe. When data is successfully loaded, the FRB will confirm receipt of the file by faxing or emailing a list of potential data errors. Credit unions should retain a dated copy of this receipt. If a credit union does not receive a filing receipt from the FRB, it is the credit union's responsibility to follow up with the FRB. Early submission is strongly recommended. If a data file does not load successfully, it will not be marked as received by the FRB.

Late Submissions: What is NCUA policy concerning late HMDA data for federally-insured state chartered credit unions?

Credit unions must provide a readable file to the FRB, which processes HMDA data on behalf of NCUA, by the March 1st deadline. Late submission of HMDA data is not acceptable. Following data collection, the FRB will provide NCUA who in turn will provide a copy to ACUA with a list of credit unions that did not meet the March 1st filing deadline. NCUA may assess civil money penalties against late filers. When assessing civil money penalties against late filers, NCUA will consider exceptional circumstances. A credit union's first time to collect and file HMDA data is not an exceptional circumstance. Questions concerning HMDA software, data receipt confirmations, data edits, and other issues related to the submission of HMDA data can be sent to the FRB via email at <mailto:hmdahelp@frb.gov>.

Sincerely,

T. Glenn Latham, ACUA
Administrator